



Meeting with Sam Gratz
Friday, August 20, 2004, 9:00-10:30 AM

People in attendance

Sam Gratz, representing Burlington Northern-Santa Fe, Canadian National, Canadian Pacific Railway, and Union Pacific Railroad

Sandy Beaupre, WisDOT
Casey Newman, WisDOT
Doug Dalton, WisDOT
Ron Adams, WisDOT
Ethan Johnson, WisDOT

- 1) Overview of WisDOT's meeting purpose and WisDOT's long-range plan, *Connections 2030*, by WisDOT staff: The meeting began at 9:00 with introductions. WisDOT staff gave an overview of WisDOT's long-range plan *Connections 2030*. WisDOT noted that *Connections 2030* will discuss all the modes and that it will be corridors-based. WisDOT has been meeting with various stakeholders on a small-group basis. WisDOT will incorporate knowledge gained in the recent rail planning process into *Connections 2030*. WisDOT is working on reaching out to the public more effectively by making better use of the internet and by the recent completion of a telephone survey. WisDOT noted that they will post all of its public outreach notes on the internet, and that they would like the railroads to fill out our *Connections 2030* survey. WisDOT staff noted that its goal is to release a draft alternative plan to the public in July 2005.
- 2) Gathering of input from Sam Gratz: Sam and WisDOT staff discussed the following:

Railroads and Long Range Planning

Sam noted that it could be difficult to get industry to think long-term. Therefore, 2030 forecasts are very tentative. The transportation industry is very competitive, and the railroads need to focus more on many short-term issues. He noted that railroads also need to respond to their shareholders. One of the larger variables in long-range planning is state government action.

Financial Pressures On Railroads

Sam noted that the railroads are operating in an increasingly competitive transportation market. Recent high fuel prices are adding financial pressures. He noted that Illinois recently proposed a fuel tax for trains that would have raised \$40 million in revenue for that state. Policies like that can cause railroads to rethink investment strategies like the new Global III intermodal facility in Rochelle, IL. Sam noted that Wisconsin might have an opportunity to make Wisconsin more competitive if it removes Wisconsin's personal property tax on railroad rolling stock.

Sam noted that WisDOT can have a lot to say to other agencies. For example, Wisconsin's reimposition of its personal property tax on railroad rolling stock caused Wisconsin to be less of a priority when it comes to investing in new rail cars. WisDOT can weigh in with other state agencies on items such as taxes and mercury rules. Sam did note that Wisconsin does receive a high level of rail service when compared to other parts of the country.

Railroad-Shipper Relations

Sam noted that some stakeholders in Wisconsin are more adversarial towards freight railroads than in other states. Given recent complaints about service in northern Wisconsin, the railroads are concerned about a potential push for re-regulation of the rail industry. Sam noted that the railroads don't want businesses to move out of Wisconsin.

WisDOT staff noted that problems with Canadian National stem partially from the fact that Wisconsin Central was solely focused on business in Wisconsin. When CN bought Wisconsin Central, Wisconsin's corridors became part of a much larger international network. So Wisconsin is less of an interest to CN, relatively speaking.

WisDOT staff noted that in northern Wisconsin loggers want CN to service historic drop-off sites. CN says the historic service is inefficient and that they need to serve fewer sites. The loggers indicate that they then have to spend more money shipping logs by truck longer distances in some cases. They also complain about recent rate increases.

Public/Private Cooperation

WisDOT staff asked Sam if the railroads had any interest in participating in a Freight Advisory Board. Sam noted that there already is a Chicago group that's working to solve congestion issues there. He noted that reducing Chicago congestion is important to Wisconsin. WisDOT staff noted that freight transportation will be a part of Connections 2030 and that Wisconsin is thinking of forming a "freight group" that meets regularly to improve communications between freight providers, shippers, and other stakeholders. Wisconsin would like the railroads to weigh in on freight solutions. WisDOT wonders if the railroads operating in Wisconsin would be willing to give this a try? Sam noted that the level of participation will vary and that some railroads are concerned about sharing proprietary data.

Sam noted that railroads are working improve their communication. He noted that issues relating to railroad response to shippers might result from resource allocation priorities.

WisDOT asked if the railroads were open to public/private projects. Sam noted that railroad mergers have created enough economic improvements to allow railroads to make more capital investments than in the past. Many of today's problems are related to equipment and labor shortages that will soon be solved. He noted that railroads in Wisconsin have made tremendous capital improvements.

WisDOT asked if there were areas other than Chicago that the state needs to be concerned. For example, what about branch lines in this state? Will we see maintenance keep up? Sam indicated that he hasn't heard about other capital problems to the extent that Chicago faces.

WisDOT noted that it can work on improving communications with other state agencies to make sure decision makers are all on the same page when it comes to freight issues.

Next Steps

WisDOT staff indicated to Sam that he could add additional comments (either written or oral). WisDOT staff re-iterated that they would like to know how they could help improve freight service in Wisconsin. And they re-iterated that they think that regular "freight advisory committee" meetings will help promote understanding between the private and public sectors.

WisDOT asked to have the railroads complete the Corridors 2030 survey.

Sam noted that he would meet with the four Class 1 railroads and brief them on Connections 2030. He gave WisDOT the most current list of railroad contacts.

- 3) Addendum: Partners in Railroad Crossing Safety: {added September 17, 2004}
Sam Gratz felt the need to also speak to the issue relating to railroad crossing safety. The partnership and working relationship between the railroad industry and Wisconsin is most important when it comes to collision reduction at highway/railroad intersections. As railroad traffic again increases, as well as more highway usage, the collision potential increases. While our state has very good record in actually decreasing these crashes over the past several years, it has been only because of heightened awareness and effort that this has occurred.

In the state of Wisconsin, a primary responsibility for crossing protection is within the Office of the Commissioner of Railroads (OCR). In fact, this requires co-operation with WisDOT in partnership with the railroad industry. A proactive effort by all will be necessary for the foreseeable future. This includes investigation and follow-up to identify the greatest needs, as well as adequate financial resources.

The OCR has often found itself in the more volatile legislative spotlight. It will be important to not have politics impede these important safety mechanisms. Adequate funding needs to be protected. As the number of crossing protection installations increase, the state will have to work harder to honor its commitment to 50/50 participation in the maintenance of the crossing protective devices.